

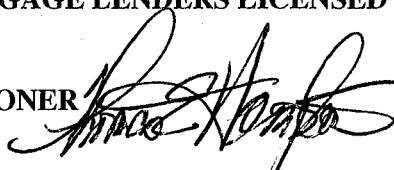
Government of the District of Columbia
Department of Insurance, Securities and Banking



Thomas E. Hampton
Commissioner

BULLETIN
07-BB-01-1/4

TO: MORTGAGE BROKERS AND MORTGAGE LENDERS LICENSED BY THE DISTRICT OF COLUMBIA

FROM: THOMAS E. HAMPTON, COMMISSIONER 

SUBJECT: NATIONAL RESIDENTIAL MORTGAGE LICENSING SYSTEM (IN DEVELOPMENT)

DATE: JANUARY 4, 2007

This bulletin applies to all residential mortgage brokers and lenders licensed by the District of Columbia Department of Insurance, Securities and Banking (DISB). This bulletin is being issued in order to keep you informed about the development of a new licensing system.

The Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR) are developing a national Residential Mortgage Licensing System (RMLS) for the mortgage industry. The new RMLS is intended to enhance consumer protection and streamline the licensing process for state mortgage regulators and the mortgage industry.

CSBS expects states to transition into RMLS over a number of years. In 2008, the first year of operation of the RMLS, CSBS expects 10 – 12 states to participate in the system. DISB anticipates that the District of Columbia will transition into the RMLS in 2009. DISB will provide licensees with additional information regarding implementation of the RMLS in the District as it becomes available.

The RMLS is being developed to reduce regulator costs, while simultaneously providing stronger oversight of the mortgage industry nationally. Further, state regulators believe that the RMLS will provide licensees tangible benefits and cost savings, especially licensees operating in multiple jurisdictions with multiple licenses. Many licensees have indicated that the complexity of managing over 50 different state licensing applications and annual renewal requirements is extremely inefficient and costly.

The RMLS is intended to include such benefits as online uniform license applications, online tracking of application and license status, quicker approval by state agencies, and uniform annual renewals and reports. Licensees will be able to apply online for an initial or renewal license, update data or apply for an amendment with one or more regulatory agencies simultaneously.

CSBS and AARMR have prepared an information fact sheet about RMLS that is attached here for your convenience. Additional information can be found on the CSBS website at www.csbs.org, or from CSBS

staff by contacting Tim Doyle at (202) 728-5728, or tim.doyle@csbs.org, or Bill Matthews at (202) 728-5711, or bill.matthews@csbs.org.

Information is also available from DISB by contacting Brian Rouse, DISB Licensing Supervisor, at (202) 442-7821, or brian.rouse@DC.gov. Written comments or questions may be sent to DISB by email at BankingBureau@DC.gov, or by writing to DISB, Banking Bureau, at the address below.

Attachment

Attachment

CSBS/AARMR National Residential Mortgage Licensing System

Enhancing the American Dream of Home Ownership

Residential mortgage lending allows Americans to achieve the dream of homeownership and is a significant part of every state's economy. States play an important oversight role in the origination, lending, and servicing of residential mortgages in order to ensure that bad actors do not victimize consumers nor tarnish the good work of the mortgage industry. In a nationwide mortgage industry, states can more effectively work together through a national licensing system.

Improving State Agency Oversight of the Mortgage Industry

In order to enhance consumer protection and streamline the licensing process for regulators, the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR) are developing a national licensing system for the mortgage industry.

Through the Residential Mortgage Licensing System, state regulators have developed uniform mortgage licensing applications for use by all state agencies. Starting in January 2008, these uniform applications will be available electronically over a secure website. Applicants will be able to apply for a mortgage license with one or more state agencies using a single application. The System will retain this information in a secured database for use by regulators in the supervision of licensed companies and professionals and by licensees as they amend existing or apply for new licenses in other states.

Consumers and business partners will be able to conveniently obtain license status information from a single website about companies and individuals with which they wish to do business.

Benefits for Consumers, Regulators and Industry

Using a single platform, consumers, industry, state regulators and taxpayers will benefit from a central repository that uses modern technology and uniform applications.

- Submission of a single uniform application or renewal to multiple agencies (industry and regulators)
- Significantly lower costs to automate state licensing processes (regulators and taxpayers)
- Faster approval of new applications, amendments and renewals (industry and regulators)

- Web-access to licensing and enforcement data that are consistent for all state agencies (all benefit)
- Increased accountability of mortgage lenders and brokers (all benefit)
- Licensing information (contacts, dba's, office locations, etc.) can be updated throughout the year by agencies, lenders and brokers (all benefit)

Contact

If you would like more information about the national licensing system, please contact Tim Doyle at (202) 728-5728 or tim.doyle@csbs.org or Bill Matthews at (202) 728-5711 or bill.matthews@csbs.org. More information about the national licensing system can be found online at www.csbs.org.

National Licensing System Update

Currently, 49 states license or register mortgage lenders or brokers. Some states have multiple agencies regulating the industry. Based on a CSBS/AARMR survey of 50 state mortgage regulators conducted earlier this year, state licenses are held by approximately 90,000 companies with 63,000 branches and 280,000 loan officers and other professionals. In the survey, a total of 37 state agencies indicated that they will participate in the system.

CSBS and AARMR formed the Residential Mortgage Regulator Taskforce (RMRT), comprised of mortgage regulatory staff from over 20 participating states. The RMRT has met regularly over the past two years to develop the uniform license applications. This "bottom-up" approach, while lengthy, has ensured that each state has control in developing a national licensing standard.

The RMRT has developed four uniform mortgage licensing application forms:

- MU1 - Uniform Mortgage Lender/Mortgage Broker Form
- MU2 – Uniform Mortgage Biographical Statement & Consent Form
- MU3 – Uniform Mortgage Branch Office Form
- MU4 – Uniform Individual Mortgage License/Registration & Consent Form

The MU Forms were piloted in paper format in five states during 2006. CSBS and AARMR expect several more states to begin using the paper forms during 2007. Starting in January 2008, the MU Forms will be automated and licensees will be able to electronically apply for or update an existing license through a secure website.

CSBS and AARMR have also engaged mortgage lenders and brokers in the development process and have organized an Industry Development Working Group to give industry a consistent vehicle for providing input.

In June 2006, CSBS contracted with the National Association of Securities Dealers (NASD) to develop and operate the national licensing system. The NASD developed and now operates the Central Registration Depository (CRD[®]) and the Investment Adviser Registration Depository (IARD[®]) system. The CRD and IARD systems were developed in 1981 and 2001, respectively.

In September 2006, CSBS formed a wholly-owned subsidiary called the State Regulatory Registry LLC to manage the Residential Mortgage Licensing System. The State Regulatory

Registry LLC is governed by a five-member Board of Managers comprised of state mortgage regulators.

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The Conference of State Bank Supervisors is the nationwide organization for state banking, representing the bank regulators of the 50 states, the District of Columbia, Guam, Puerto Rico and the Virgin Islands, and approximately 6,200 state-chartered financial institutions. The Conference is responsible for defending state authority to determine banking structure and the products and services state-chartered institutions can offer and for improving the quality of state bank supervision by providing department performance evaluation and accreditation programs and supervisory education/training programs for state banking department personnel.

AARMR is the national organization representing state residential mortgage regulators. AARMR's mission is to promote the exchange of information between and among the executives and employees of the various states who are charged with the responsibility for the administration and regulation of residential mortgage lending, servicing and brokering.